

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION FINANCE COMMITTEE

MINUTES OF MEETING

June 13, 2011



The Finance Committee met on June 13, 2011, in the Robert F. Carlson Auditorium, Lincoln Plaza Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 4:40 p.m. and the following members were present:

Henry Jones, Chair Louis F. Moret, Vice Chair Terry McGuire for John Chiang JJ Jelincic Grant Boyken for Bill Lockyer Priya Mathur

Excused Member(s):

Tony Oliveira

Other Board Member(s):

Ralph Cobb for Ronald Yank

AGENDA ITEM 2 – APPROVAL OF APRIL 12, 2011, MEETING MINUTES

The minutes were approved as presented.

AGENDA ITEM 3a - CHIEF AUDITOR'S REPORT

Margaret Junker, Chief Auditor, presented a matrix reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

AGENDA ITEM 3b - OFFICE OF AUDIT SERVICES QUARTERLY STATUS REPORT

Ms. Junker presented the report to the Committee as an information item.

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AGENDA ITEM 3c - ANNUAL INTERNAL AUDITS RISK ASSESSMENTS

Ms. Junker presented the risk assessments to the Committee as an information item.

AGENDA ITEM 3d - ANNUAL AUDIT PLAN

Ms. Junker presented the annual audit plan to the Committee as an action item.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the annual audit plan as presented.

AGENDA ITEM 3e - OFFICE OF AUDIT SERVICES CHARTER REVISION (FIRST READING)

Ms. Junker presented the first reading of the revised charter to the Committee as an action item. The Chair accepted the following modifications to the "Responsibilities" portion of the charter:

- The addition of a bullet point as follows, "Confirm independence from undue influence while performing the duties of the Chief Auditor no less than four times per year in closed session Finance Committee meetings."
- The addition of a second bullet point as follows, "Perform consulting and advisory services related to governance, risk management, and internal control as appropriate."

The charter will come back to the Finance Committee for review as a second reading in September.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the revised Office of Audit Services Charter as a first reading.

AGENDA ITEM 4a - COMPLIANCE OFFICE REPORT

Sherry Johnstone, Chief Compliance Officer, presented a matrix reflecting the status of various activities occurring in the Office of Enterprise Compliance to the Committee as an information item.

AGENDA ITEM 4b - Calpers ETHICS HELPLINE REPORT

Ms. Johnstone presented the helpline report to the Committee as an information item.

AGENDA ITEM 5a - PRIVACY AND PROTECTION OFFICE QUARTERLY STATUS REPORT

Sheri Hofer, Privacy and Protection Officer, presented the quarterly status report to the Committee as an information item.

AGENDA ITEM 6a – BUDGET AND EXPENDITURE REPORT FOR THE THIRD QUARTER OF FISCAL YEAR 2010-11

Steve Pietrowski, Assistant Chief, Fiscal Services Division, presented the report to the Committee as an action item.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the transmittal letter and submission of the Budget and Expenditure Report through the third quarter of FY 2010-11 to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2010, and to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel.

AGENDA ITEM 6b - CONTINGENCY RESERVE FUND APPROPRIATIONS ADJUSTMENT

Mr. Pietrowski presented the Contingency Reserve Fund Appropriations Adjustment to the Committee as an action item.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Contingency Reserve Fund Appropriations Adjustment as follows:

- 1. Approve an increase to the Contingency Reserve Fund (CRF) of \$27,000 in FY 2010-11 for a total CRF budget of \$25,931,000 and recommends the Board of Administration (Board) approve this revised budget.
- 2. The Committee accepts a decrease to the Public Employees' Retirement Fund (PERF) of \$27,000 in FY 2010-11 for a total PERF budget of \$265,396,000 and recommends the Board approve this revised budget.
- 3. The Committee accepts the proposed California Public Employee's Retirement System (CalPERS) FY 2010-11 cost allocation adjustment to the CRF and PERF, and recommends the Board approve the cost allocation.

4. The Committee recommends the Board approve the transmittal of this agenda item to the Joint Legislative Budget Committee and the Fiscal Committees of the Legislature, the State Controller, and the Department of Finance, in accordance with the 2010 Budget Act, and to the Legislative Analyst's Office and the State and Consumer Services Agency.

AGENDA ITEM 6c - QUARTERLY DELINQUENCY REPORT

Dave Cornejo, Acting Division Chief, Fiscal Services, presented this agenda item to the Committee as an information item.

AGENDA ITEM 6d - CURRENT BUDGET ISSUES

Mr. Pietrowski presented on the May Revision of the Governor's budget and its impacts on CalPERS to the Committee as an information item.

AGENDA ITEM 6e - CURRENT FINANCIAL REPORTING ISSUES

Mr. Cornejo presented recent actions by the Governmental Accounting Standards Board to the Committee as an information item.

AGENDA ITEM 7a – ASSISTANT EXECUTIVE OFFICER'S REPORT ON INFORMATION TECHNOLOGY ACTIVITIES

Dale Jablonsky, Assistant Executive Officer, presented a matrix reflecting the status of various activities occurring within the Information Technology Services to the Committee as an information item.

AGENDA ITEM 8a – FINANCE COMMITTEE CHARTER REVISION (FIRST READING)

Russell Fong, Acting Chief Financial Officer (CFO), presented the first reading of the revised Finance Committee Charter to the Committee as an action item.

On **MOTION** by Louis F. Moret, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the revised Finance Committee Charter as a first reading.

AGENDA ITEM 8b – ACTING CHIEF FINANCIAL OFFICER'S REPORT ON ADMINISTRATIVE SERVICES ACTIVITIES

Mr. Fong presented the CFO Board Report and 2011 Master Finance Committee Calendar to the Committee as an information item.

AGENDA ITEM 8b – PROPOSED SEPTEMBER 2011 AGENDA

The proposed agenda was approved as presented.

AGENDA ITEM 9a - PUBLIC COMMENT

There was no public comment.

The meeting of the Finance Committee was adjourned at 5:35 p.m.

The next Finance Committee meeting is scheduled for September 13, 2011, in Sacramento, California.

Date:	
	RUSSELL G. FONG
	ACTING CHIEF FINANCIAL OFFICER